Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

70
ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 DRC-01 /197 W
---------- 120851
R 291016Z APR 74
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 2906
INFO AMEMBASSY NEW DELHI
AMEMBASSY RANGOON
RUDHNXAMEMBASSY LONDON 0651
AMEMBASSY PARIS
AMEMBASSY SINGAPORE
AMCONSUL CALCUTTA

UNCLAS DACCA 1919

E.O. 11652: N/A
TAGS: ENRG, BG
SUBJECT: PETROLEUM EXPLORATION: GENERAL TERMS ANNOUNCED ON PRODUCTION-SHARING AGREEMENTS

REF: A. DACCA 1150 B. DACCA 1453 (NOTAL)

1. FURTHER TO RESUMPTION OF NEGOTIATIONS BY BDG WITH FOREIGN COMPANIES IN OIL EXPLORATION (REF A) , MINISTER NATURAL RESOURCES GAVE LOCAL PRESS SERVICE A RUNDOWN ON PRODUCTION-SHARING AGREEMENTS WHICH HE CLAIMS WILL BE SIGNED SOMETIME EARLY MAY. COMMENT WILL BE SUBMITTED AS SOON AS EMBASSY ABLE TO GET THROUGH TO OFFICIALS IN AUTHORITY, NOW INCREASINGLY INACCESSIBLE AS NEGOTIATIONS APPEAR NEARING COMPLETION.

2. TEXT OF ARTICLE, WHICH APPEARED APRIL 28, FOLLOWS. MAY BE UNCLASSIFIED

UNCLASSIFIED

DISSEMINATED TO INTERESTED OIL COMPANIES.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

A. LETTER OF INTENT BETWEEN THE BANGLADESH GOVERNMENT AND COMPANIES OF JAPAN, US, CANADA, FRANCE, YUGOSLAVIA AND ITALY FOR EXPLORATION OF OIL IN TERRITORIAL WATERS OF BANGLADESH WILL BE SIGNED SOMETIME EARLY MAY, TO BE FOLLOWED BY FORMAL AGREEMENT SHORTLY AFTERWARDS. DISCLOSING THIS TO BSS (NEWS AGENCY), DR. MOFIZ CHOWDHURY, MINISTER FOR NATURAL RESOURCES, SAID HE WAS CONFIDENT OF SUCCESSFUL EXPLORATION OF OIL IN BANGLADESH IN COURSE OF NEXT FEW YEARS.

B. DR. CHOWDHURY SAID PRELIMINARY RECONNAISSANCE SURVEY WOULD BE CONDUCTED BY A JOINT POOL OF ALL FOREIGN COMPANIES IN DIFFERENT AREAS UNDER DIRECT SUPERVISION AND CONTROL OF BDG. THIS WILL BE FOLLOWED BY DETAILED SURVEY BY EACH COMPANY SEPARATELY IN RESPECTIVE AREAS TO BE SPECIFIED BY GOVERNMENT FOR EXPLORATION WORK.

C. DR. CHOWDHURY SAID A SPECIFIED AREA IN THE TERRITORIAL WATERS WOULD BE ALLOTTED TO EACH COMPANY INITIALLY FOR PERIOD OF FOUR YEARS AND THEN FOR ADDITIONAL TWO YEARS. IF ANY COMPANY FAILED TO EXPLORE OIL WITHIN THIS STIPULATED PERIOD, BDG WOULD HAVE NO OBLIGATION TO COMPENSATE OPERATIONAL COST. DURING PERIOD OF OPERATION MANAGEMENT AND CONTROL OF ENTIRE AFFAIR WOULD BE VESTED WITH GOVERNMENT.

D. MINISTER SAID WHEN CONTRACT FOR OPERATION WAS SIGNED, EACH COMPANY WOULD BE OBLIGED TO PAY SIGNATURE BONUS OF HANDSOME AMOUNT IN FOREIGN EXCHANGE.

E. HE SAID TERM OF SHARING PRODUCTION IN CASE OF SUCCESSFUL EXPLORATION HAD ALREADY BEEN WORKED OUT. BANGLADESH WOULD HAVE FULL CONTROL OVER PRODUCTION WITH A SHARE OF NEARLY THREE FOURTHS OF TOTAL PRODUCTION AND MORE IN PROPORTION TO QUANTUM OF OIL FOUND, WHILE THE REST WOULD BE SHARED BY COMPANIES ONLY AT EXPORT POINT. GOVERNMENT WOULD, HOWEVER, HAVE THE RIGHT OF FULL SHARING IN CASE OF AN EMERGENCY IN THE COUNTRY.

F. REGARDING COST OF SUCCESSFUL EXPLORATION, BANGLADESH WOULD PAY TO COMPANY 25 PERCENT OF COST, WHICH IS FAR LESS THAN PER-CENTAGE PAID BY OTHER OIL-PRODUCING COUNTRIES TO EXPLORING
UNCLASSIFIED

AGENCIES.

G. DR. CHOWDHURY SAID TILL OIL WAS FOUND, THESE COMPANIES WOULD UNDERTAKE SUPPLY OF CRUDE OIL TO OUR REFINERIES AT WORLD PRICE. BUT AFTER OIL WAS EXPLORED, THEY WOULD SUPPLY OUR RE-QUIREMENT FROM THEIR SHARE AT NOMINAL PRICE IN ADDITION TO GIVING US OUR SHARE OF PRODUCTION. FOREIGN COMPANIES WOULD ALSO PAY PRODUCTION BONUS TO BDG. COMMERICAL DISCOVERY BONUS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

HAS TO BE PAID WHEN OIL WAS FOUND.

H. MINISTER SAID ALL INFORMATION AND DATA DURING PERIOD OF EXPLORATION AND AFTER WOULD BE PROPERTY OF BANGLADESH. RIGHT OF DECISION WOULD BE EXERCISED BY GOVERNMENT DURING EXPLORATION AND PRODUCTION. THESE COMPANIES WOULD ALSO HAVE TO ACCOUNT FOR THEIR EXPENDITURE TO GOVERNMENT. SCIENTISTS AND TECHNICIANS OF BANGLDESH WOULD ALSO BE TRAINED IN TECHNIQUE OF PRODUCTION AND RELATED MATTERS BY COMPANIES UNDER THE TERMS OF AGREEMENT.
BOSTER

UNCLASSIFIED

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, POLICIES, EXPLORATORY DRILLING, OIL FIELDS, NEGOTIATIONS, CENTRAL GOVERNMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974DACCA01919
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740103-0694, D740102-0355
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974047/aaaaafnn.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. DACCA 1150 B. DACCA 1453 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by BryanSD>; APPROVED <02 JAN 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM EXPLORATION: GENERAL TERMS ANNOUNCED ON PRODUCTION-SHARING AGREEMENTS
TAGS: ENRG, BG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005